Consumer Advocacy Program
The OIC’s Consumer Advocacy Program

- Answers consumer inquiries about insurance and their legal rights
- Investigates complaints filed against insurance companies
- Educates citizens to enable them to make informed choices about their insurance needs and options
Consumer Advocacy 2015 results

• Recovered over $9.1 million for consumers
• Responded to 97,985 consumer calls
• Mailed 2,290 publications and consumer-related materials
• Completed 6,130 complaint investigations
• Answered 4,870 consumer requests for information
We are

• 10 Life & Health insurance analysts/experts
• 7 Property & Casualty insurance analysts/experts
• 7 Hotline specialists trained to triage and refer consumer calls for help to Consumer Advocacy, SHIBA & the OIC’s producer licensing program
We always help

If we don’t have the expertise or services a consumer needs, we refer them to others who do, including:

- SHIBA
- The Washington Health Benefit Exchange
- State and federal agencies
- Private non-profit assistance
- Insurance agents and brokers
- Even insurance companies when needed
Our complaint process
The OIC’s insurance analysts

- **Send** complaints to insurance companies, who must respond within 15 business days
- **Review** insurance company responses & evaluate according to RCW 48 and WAC 284
- **Advocate** to each resolutions
- **Communicate** results and educate consumers
- **Refer** insurance violations to OIC enforcement
Path of a complaint

1. **Complaint Received**
2. **Does OIC have jurisdiction?**
   - **YES**: Contact company and present complaint
   - **NO**: Refer to the correct agency or entity
3. **Review company response**
4. **Provide you with an explanation of the company’s response & our review**
5. **Your complaint becomes part of the company’s record with our agency**
Types of complaints

- Claim delays, denials, disputes
- Coverage issues and appeals
- Cancellations and renewals
- Rate increases
- Medical necessity issues
- Company customer service issues
- Tribal and provider concerns
Ways we receive a complaint

- Emails and online forms submitted via our website at [www.insurance.wa.gov](http://www.insurance.wa.gov)
- Paper complaint form via mail, FAX, email
  - We mail form to consumer or
  - Consumer prints form from website
- Filed online: Online Complaint Center
How long does it take?

Usually resolve within 30 days
Success stories
Life & Health Success Story

• An L&D analyst assisted a consumer who received a quote for a 50% coinsurance rate for a drug his wife needed for her cancer treatment.

• Using the complaint, the analyst pointed out to the insurance company that the drug was self-administered chemotherapy and should be covered under the law using a 20% coinsurance rate instead of the 50% they were requiring.

• This saved the consumer $18,000.
Property & Casualty Success Story

• P&C analyst helped a consumer who was told by their insurer that their vehicle was a total loss.
• But after buying a new car, the consumer was told their totaled vehicle was repairable after all.
• Following receipt of the OIC complaint, the company decided to allow the total loss and paid $3,916 to the consumer.
How to get help
Need help?

Contact the OIC’s Consumer Advocacy Program:

1-800-562-6900

www.insurance.wa.gov

We have insurance experts available to discuss your insurance options and concerns over the phone or via email from 8 a.m. to 5 p.m. weekdays.
Long-Term Care Insurance
Long-Term Care Insurance

• What is it?
• Who should buy it? (Shopping tools)
• Consumer complaints about it.
• The Partnership Program
• Recent Legislation
• Proposed rules
What is Long-Term Care Insurance?

Long Term Care insurance “includes any policy, contract, or rider that provides for payment of benefits based upon cognitive impairment or the loss of functional capacity.” RCW 48.43.020(5)

Covers custodial care, which is not covered by:

Medicare
Medical insurance
What does LTC Insurance Cover?

Custodial Care, help with “activities of daily living,” including:

- Bathing
- Continence
- Dressing
- Eating
- Toileting
- Transferring
Long-Term Care Laws

RCW 48.83 – Long-Term Care Insurance Coverage – Standards
Policies issued after January 1, 2009

RCW 48.84 – Long-Term Care Insurance Act
Policies issued before January 1, 2009

RCW 48.85 – Long-Term Care Partnership
Allows policyholders to exclude assets to qualify for Medicaid
Long-Term Care Regulations

WAC 284-83 Long-term Care insurance rules
For policies issued after January 1, 2009

WAC 284-54 Long-term Care Insurance Rules
For policies issued before January 1, 2009
Who qualifies for coverage

Most LTC insurance is underwritten by insurers. They prefer good “risks.”

This means they decide who they will sell a policy to and often evaluate an applicant’s health when deciding whether to issue a contract.

Underwriting standards are not shared with the OIC.
Who should buy it?

Long-term care insurance is not for everyone. Consumers should explore all options for covering their long-term care needs. Some good tools:

A Consumer’s guide to:
Buying long-term care insurance

Long-term care options workbook

List of “Long-term care insurance companies approved to sell in Washington State”

wwu.insurance.wa.gov
Suitability in Sales

Issuers and their agents, if any, must determine whether issuing long-term care insurance coverage to a particular person is appropriate,

(1) An issuer must:
(a) Develop and use suitability standards to determine whether the purchase or replacement of long-term care coverage is appropriate for the needs of the applicant or insured;
(b) Train its agents in the use of the issuer's suitability standards; and
(c) Maintain a copy of its suitability standards and make the standards available for inspection, upon request.

(RCW 48.83.140)
Suitability Standards

To determine whether the applicant meets the standards developed by the issuer, the insurance producer and the issuer must develop procedures that take the following into consideration:

• **The ability to pay** for the proposed coverage and other pertinent financial information related to the purchase of the coverage;

• **The applicant's goals or needs** with respect to long-term care and the advantages and disadvantages of insurance to meet these goals or needs; and

• **The values, benefits and costs of the applicant's existing insurance**, if any, when compared to the values, benefits and costs of the recommended purchase or replacement.

• (WAC 284-83-110)
Important Policy Provisions

**Coverage for different types of facilities** (e.g. home health care, nursing homes, boarding homes, etc.)

**Non-Forfeiture Provisions** – Must be offered but can be rejected. Contingent benefit must be offered in certain cases/lapse/premium increases.

**Inflation Protections** – Insurers must offer this, but consumers are not required to buy it.
Consumer complaints about LTC

• 275 Consumer complaints investigated by OIC in last two years.

• 127 regarding claim handling

• 84 regarding premium rates
• (+ 38 inquiries regarding rate increases)

• Other complaint topics: coverage questions, cancellations, and underwriting decisions
Long-Term Care Rate Increases

Many large increases over the past few years

Many policies were initially underpriced. Insurers underestimated the cost of paying claims and overestimated the number of people who would cancel policies.

Increases due to pricing adjustments to account for these factors.

When shopping for coverage, always ask about the company’s history of premium increases for all LTC policies, not just the one you are interested in buying.
Long-Term Care Rate Increases

Disclosure Requirements Applying to policies issued after Jan. 1, 2009:

**WAC 284-83-030 - Required disclosure provisions.** This rule includes required notice that the policy is guaranteed renewable. It requires a statement on the policy that premium rates may change, etc.

**WAC 284-83-035 - Required disclosure of rating practices to consumers.** Requires that information be provided to all applicants saying the policy may be subject to future rate increases, including information regarding the premium rate increases on the policy form or similar forms over the last 10 years for this state or any other state....

**WAC 284-83-190 - Potential rate increase disclosure form.** Must be provided to applicants telling them rates may be increased in the future.
Long-Term Care Rate Increases

Washington State law requires all LTC rate increases be filed and approved by our office.

Insurer’s rate increase proposals must include supporting documentation to justify the proposed increases.

We review all proposed increases closely. If they are justified and comply with law, we do not have a legal basis for denial.
Long-Term Care Rate Increases

Options when your rates go up:

• Reduce your daily benefit

• Reduce the benefit period. For example, reduce coverage time from 5 to 2 years

• Increase the elimination period

• Choose the contingent non-forfeiture option.
The Partnership Program

Program created under Federal Deficit Reduction Act of 2005 for states who agree to participate


Only applies to policies issued after Fed. 8, 2006.

Administered by OIC and DSHS

OIC reviews contracts/approves rates

DSHS exempts policyholders who need long term care assistance from Medicaid spend down requirements in the amount of the policy after all the benefits have been exhausted.
Recent Legislation/Regulations

RCW 48.83.160

3) **The commissioner must adopt by rule prompt payment requirements** for long-term care insurance. The rules must include a definition of a "claim" and a definition of "clean claim." In adopting the rules the commissioner must consider the prompt payment requirements in long-term care insurance model acts developed by the national association of insurance commissioners. (2013)

WAC 284-83-325

(3) **Within thirty business days** after receipt of a claim for benefits under a long-term care insurance policy or certificate, an insurer must pay such a claim if it is a clean claim......

5) If an insurer fails to comply with subsection (3) ... of this section, **such insurer must pay interest at the rate of one percent per month on the amount of the claim that should have been paid but that remains unpaid for forty-five business days after the receipt of the claim** with respect to subsection (3) of this section or all requested additional information with respect to subsection (4) of this section. The interest payable pursuant to this subsection must be included in any late reimbursement without requiring the person who filed the original claim to make any additional claim for such interest.
Proposed rules

Unintentional Lapse – OIC currently evaluating rule requiring carriers to show proof of mailing when they send cancelation notices.
Questions?

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